GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:4154
ANSWERED ON:12.08.2002
BANK GUARANTEE AGAINST ISSUANCE OF TICKETS BY TRAVEL AGENTS
GUNIPATI RAMAIAH

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Indian Airlines has decided to do away with the bank guarantee against the issuance of tickets by the travel agents;

(b) if so, whether IA also allows over trading levels above the bank guarantee to the agents; and

(c) if so, the impact of these measures noticed on boosting sales during the last two months?

Answer

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION (SHRI SHRIPAD YESSO NAIK)

(a),(b) and (c): Indian Airlines has decided to do away with the requirement of a Bank Guarantee in respect of domestic sales in India by an agent against whom no irregularity has been recorded for the last 12 consecutive months.

Indian Airlines has taken an insurance cover for sales made in India against credit risk of defaults in payments on domestic sales by its travel agents and on sales on Indo-Nepal, Indo-Male and Indo-Bangladesh sectors only by non-IATA agents. This insurance cover is valid for a period of one year from 1st May, 2002 to 30th April, 2003. This has made possible for Indian Airlines to do away with restrictions on sales by agents. In case of non-payment by such agents, insurance company will make good the amounts due to Indian Airlines. With this procedure, the concept of over-trading is no longer valid on domestic sectors.

In respect of international sales made in India, International Air Transport Association (IATA) approved agents furnish a Bank Guarantee to IATA. This Bank Guarantee covers international sales made on any airline by the agent.

Since the insurance cover has been introduced only from 1st May, 2002, its impact on the sales cannot be assessed presently.